

**Kristin R. Kazyak**

128 West Main Street  
Front Royal, VA 22630

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

Home Office: 800-575-7874  
Voice Mail: 540-636-8639

AUG 12 10 13 AM '99

August 11, 1999

**KEYES: Ongoing Code Violations**

MUR 4916

**TO: Larry Noble**  
FEC General Counsel's Office  
999 E Street, NW, DC 20463

**COMMENTS:** Pursuant to my filing (MUR 4587) of November 22, 1996 regarding violations of the FEC Reporting Requirement by Alan Keyes for President '96, Inc. regarding which the Commission took "no action", I file this:

**Complaint** (3 copies signed and notarized re: USC §437) to the FEC General Counsel, Larry Noble, regarding ongoing violations of the CFR 11 for Federal Elections made by Alan Keyes for President '96, Inc. And its terminating, exploratory, and ongoing committees which include CFR sections:

- 116.2 Debts owed
- 116.6 Salary payments owed to employees
- 441a Limitations, contributions, expenditures
- 9042 Criminal penalties for false statements, kickbacks and illegal payments

The *Complaint* filed 11/22/96 stated that members of the Committee had removed the accounts payable line for full professional fees for Kristin R. Kazyak, a member of the Keyes campaign committee, from the FEC Monthly Reports. At that time, the FEC Audit Department summed up this occurrence, of a violation noted frequently in political campaigns, as: "conspiracy to defraud by deliberately forcing a creditor into bankruptcy as a campaign write-off". The FEC Audit Department recommended two procedures: filing a civil suit and/or filing a *Complaint for Violation of the Reporting Code* to the FEC General Counsel's Office.

In particular, as of this date, ongoing criminal violations include:

- false statements made to the FEC, IRS, Bankruptcy Court and Trustee concerning expenses and compensation to a member of the committee
- false statements made to the Bankruptcy Court and Trustee regarding the office and professional services provided to the campaign by a member of the committee
- threats made in writing by the Keyes campaign counsel and subsequently acted upon, by the Keyes committee to a member of that committee should the member file a *Complaint* to the FEC in Nov 1996
- the removal, in violation of §116.6, from the FEC Year End Report (10/1/97 - 12/31/97) as noted by FEC Audit Reports Analyst Wendy A. Baker, of payments due two (2) members of the committee: the first, a minimum payment due invoice line and the second, a \$1,000 invoice payment due
- kickbacks
- an invalid settlement made by Keyes agents with the Bankruptcy Court of Harrisonburg, VA in April, 1999

County of Warren, Commonwealth of Virginia

The foregoing instrument was acknowledged before me, subscribed and sworn to before me on this 11<sup>th</sup> day of August, 1999.

  
Kristin R. Kazyak

  
Helen Babineau, Notary Public

My commission expires July 31, 2001

C. MICHAEL TARONE

ATTORNEY AT LAW, P.C.

(202) 457-6680  
 1815 H Street, N.W.  
 Washington, D.C. 20006

(202) 457-6680

FACSIMILE (202) 428-0102

November 17, 1996

VIA FACSIMILE  
 540-636-4127

Francis Chester, Esq.  
 11 East Second Street,  
 Front Royal, VA 22630

Re: Kristin Kazyak, Case No. 59600930-RWK-7  
 U. S. Bankruptcy Court

Dear Francis:

I am writing to you at the request of Dave Racer, National Campaign Manager, Alan Keyes for President '96, Inc. in connection with the counter offer you communicated Friday, November 15, 1996.

The settlement offer of \$31,000 payment to the creditors and \$6,000 to Ms. Kazyak will remain open until 5 p.m. Friday, November 22, 1996. Therefore, if this offer is not accepted in writing and communicated to me by 5 p.m. Friday, November 22, it will be revoked.

If this offer is revoked, the Committee will reduce Ms. Kazyak's claim to \$16,500 by treating the previous payment to her of \$14,699.93, which she has continuously asserted was for campaign-related expenses, as compensation (for a total of approximately \$31,500). In that event, the offer to the trustee in bankruptcy will be reduced from \$31,000 to \$16,500. While for months the Committee has repeatedly sought supporting documentation that the expenses were campaign-related, the documentation has not been forthcoming. Unless the expense documentation is received on or before November 30, 1996, the \$14,699.93 payment must by necessity be deemed income.

According to Ms. Kazyak's own accounting, expense reimbursements were paid to Ms. Kazyak in the total amount of \$14,699.93 over a period of one year: for the month as of July 31, 1995, \$399.21; for the month as of October 31, 1995, \$2,500; for the month as of December 31, 1995, \$1,050; for the month as of January 31, 1996, \$600; for the month as of February 29, 1996, \$1,500; for the month as of March 31, 1996, \$5,399.93; for the month as of June 30, 1996, \$2,000; and for the month as of July 31, 1996, \$1,650.


Francis Chester, Esq.  
November 18, 1996  
Page -2-

Most importantly, there will be no quid pro quo with Ms. Kazyak or any other person regarding threatened disclosure of unfavorable information to the Federal Election Commission. It should be obvious to her that such a threat is improper and the Committee will not take part in any such discussions. Moreover, this Committee has an impeccable record of good faith compliance with the election laws and stands ready to vigorously defend any allegation to the contrary.

The Committee finds the posture of its negotiations with Ms. Kazyak regrettable. Ms. Kazyak has obstructed the on-going, routine internal audit by the Federal Election Commission, she has breached the fiduciary duty owed by her as agent to the Committee by denying access to its financial information, and she has improperly failed to return hard copy business records and property wrongfully removed from the Committee's office. Her conduct in the circumstance is inexcusable. For these reasons, we are requesting the Office of General Counsel of the Federal Election Commission to seek production of the campaign materials by subpoena duces tecum.

Please discuss this offer with your client and advise me promptly.

Very truly yours,

  
C. Michael Tarone

CMT: rs  
cc: Dave Racer  
Mary Parker Lewis

5264 565 40 00  
20 04 395 4925  
FEC

Goto Page #

Next Page

Last Page

TO REPORTS INDEX NEW SEARCH NEW ADVANCED SEARCH



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RQ-5

APR 17 1998

William G. Spiegel, Treasurer  
Alan Keyes for President '96 Inc.  
2515 White Bear Avenue  
St. Paul, MN 55109

Identification Number: C00303214

Reference: Year End Report (10/1/97-12/31/97)

Dear Mr. Spiegel:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Your report indicates that the following debts have been forgiven or settled:

Kristin Kazyak, \$31,350  
Linda (Sherman) Jester, \$1,430  
Sarah Smith, \$1,000

If your committee is terminating, you must provide the Commission with a completed Debt Settlement Plan (FEC FORM 8 copy enclosed) (11 CFR Part 116). The plan must provide detailed information concerning each debt being settled.

Until you extinguish the debt(s), or your debt settlement plan is approved by the Commission, you are required to file reports disclosing the debt(s) (11 CFR §104.11(a)).

Although ongoing committees may not settle debts, they may request a determination from the Commission that certain debts are not payable (11 CFR §116.2(b)).

Any amendment or clarification should be filed with the Federal Election Commission. If you need assistance, please feel free to contact me on our toll-free

Goto Page #

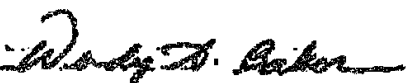
Next Page

Last Page

TO REPORTS INDEX NEW SEARCH NEW ADVANCED SEARCH

number, (800) 424-9530. My local number is (202) 694-1130.

Sincerely,



Wendy A. Baker  
Reports Analyst  
Reports Analysis Division

464

2004.04.30.14.52.27

UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF VIRGINIA  
Harrisonburg Division

IN RE: KRISTIN KAZYAK

Case No. 96-00930-RWK-7

Debtor

Chapter 7

ROY V. WOLFE, III, TRUSTEE,

Plaintiff,

v.

Adversary Proceeding  
No. 98-00057A

ALAN KEYES FOR PRESIDENT '96, INC.

Defendant.

ORDER

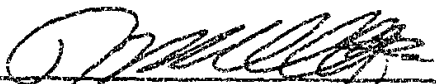
This matter came before the Court upon the Motion of the case trustee for approval of a compromise of all matters in controversy pursuant to a Settlement Agreement, a copy of which was attached to the Motion, and upon the objection to the Motion filed by the defendant. And upon presentation of evidence and argument of counsel, the Court finds that the compromise is reasonable. It is therefore and accordingly ORDERED that Roy V. Wolfe, III is authorized to compromise all issues in controversy in this Adversary Proceeding as set forth in the Settlement Agreement attached to the Motion.

The Trustee is directed to mail a copy of this Order to Kristin Kazyak, 128 West Main Street, #2, Front Royal, VA 22630, debtor, to Dale A. Davenport, Esquire, 342 South Main Street, Harrisonburg, VA 22801, and to C. Michael Tarone, Esquire, The Farragut Building, Suite 1250, 900 Seventeenth Street, N.W., Washington, DC 20006, co-counsel for the defendant.

Date: April 2, 1999

  
ROSS W. KRUMM, United States Judge

I Ask For This:

  
Roy V. Wolfe, III, Trustee, Esquire  
VSB No. 26106

20 "04" 395 "49" 02

UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF VIRGINIA  
Harrisonburg Division

IN RE: KRISTIN KAZYAK

Case No. 96-00930-RWK-7

Debtor

Chapter 7

ROY V. WOLFE, III, TRUSTEE,

Plaintiff,

v.

Adversary Proceeding  
No. 98-00057A

ALAN KEYES FOR PRESIDENT '96, INC.

Defendant.

OBJECTION TO THE MOTION FOR APPROVAL OF COMPROMISE

Comes now Kristin R. Kazyak, debtor, by counsel, and says:

1. It is not reasonable to approve the *Motion for Approval of Compromise* scheduled for hearing on April 1, 1999 because the creditors will receive less than one hundred (100) cents on the dollar in payment of monies owed to them by Kristin R. Kazyak, debtor, and this is not in the best interest of the creditors when the Federal Election Commission (FEC) Code of Federal Regulations (CFR) *requires* settlement for "the entire amount owed" to Kristin R. Kazyak by former employer, *Alan Keyes for President '96, Inc.* under CFR §116.2 from Keyes' "Terminating"... "Ongoing"... and "Authorized committees" (see FEC CFR §116.2 on page 2). There would be no bankruptcy but for the default on "the entire amount owed" by *Alan Keyes for President '96, Inc.* and/or Keyes' "Terminating"... "Ongoing"... and "Authorized committees" to Kristin R. Kazyak for professional work done as a staff member on the *Alan Keyes for President '96, Inc.* committee, on or about the calendar year August 1, 1995 through July 31, 1996.

FEC CFR §116.2

(a) *Terminating committees...* The Commission will review each debt settlement plan filed to determine whether or not the termination committee appears to have complied with the requirements set forth in this part, and whether or not the proposed debt settlement plan would result in an apparent violation of the Act or the Commission's regulations.

(b) *Ongoing committees.* Ongoing committees shall not settle any outstanding debts for less than the entire amount owed...

(c) *Authorized committees.*

(1) An authorized committee shall not settle any outstanding debts for less than the entire amount owed if any other authorized committee of the same candidate has permissible funds available to pay part or all of the amount outstanding. Except as provided in paragraph (c)(3), of this section, an authorized committee shall not terminate under 11 CFR 102.3 if --

(i) It has any outstanding debts or obligations; or

(ii) It has any funds or assets available to pay part or all of the outstanding debts or obligations owed by another authorized committee and that other authorized committee is unable to pay such debts or obligations.

(2) No transfers of funds or assets may be made from a candidate's authorized committee to another authorized committee of the same candidate if the transferor committee has net debts outstanding at the time of the transfer under the formula described in 11 CFR 110.1(b)(3)(ii).

(3) An authorized committee that qualifies as a terminating committee may assign debts to another authorized committee of the same candidate to the extent permitted under applicable state law provided that the authorized committee assigning the debts has no cash on hand or assets available to pay any part of the outstanding debts, and provided that the authorized committee assigning the debts was not organized to further the candidate's campaign in an election not yet held. If a Presidential candidate elects to receive federal funds pursuant to 11 CFR part 9001 *et seq.* or 11 CFR part 9031 *et seq.*, the authorized committee(s) of the Presidential candidate shall not assign debts or receive assigned debts until after the authorized committee(s) or the Presidential candidate has made all required repayments pursuant to 11 CFR parts 9007 and 9038 and has paid all civil penalties pursuant to 2 U.S.C. 437g. An authorized committee that has assigned the debts otherwise qualifies for termination under 11 CFR 102.3 and... etc.

2. The "Ongoing" committees for Alan Keyes, *The Declaration Foundation* and *Keyes2000* "exploratory committee", etc., currently retain and receive contributions by direct mail, Internet solicitation, and other fundraising events in excess of several millions of dollars, well exceeding the amount owed to Kristin R. Kazyak by the "Terminating... Ongoing... Authorized committees" for work completed by herself as a member of the committee staff on or about the calendar year August 1, 1995 through July 31, 1996.

3. Regarding all assets accessible to locators, both publicly reported or privately held, of the "Terminating... Ongoing... Authorized committees", committee representatives have a history and pattern of denying, withholding and/or hiding assets to disburse the accounts payable in a timely manner, yet were able to demonstrate to the FEC that cash contributions were received throughout the Keyes Primary Campaign of 1995 and 1996, and after, of five (5) million dollars or more, sufficient for the committee to qualify and receive US Treasury Matching Funds of \$2,145,766.00 (see *Report of the Audit Division ON Alan Keyes for President '96, Inc. Alan Keyes committee and other authorized committees EXECUTIVE SUMMARY* online at <http://www.fec.gov/pages/keyes.htm>)

---

Kristin R. Kazyak  
128 West Main Street  
Front Royal, Virginia 22630-2522

#### CERTIFICATE

I hereby certify that a copy of the foregoing *Objection to the Motion for Approval of Compromise* was mailed by first-class mail, postage prepaid, to the Office of the U.S. Trustee, 806 Poff Federal Building, 280 Franklin Road, S.W., Roanoke, VA 24011; to Roy Wolfe, III, Esquire - VSB #26106, 9 North Court Square, Harrisonburg, VA 22801; to Francis Chester, Esquire, Law Office of Francis Chester, 3581 Churchville Avenue, Churchville, VA 24421, counsel for the debtor; to Dale A. Davenport, Esquire, 342 South Main Street, Harrisonburg, VA 22801, counsel for the defendant, and to C. Michael Tarone, Esquire, The Farragut Building, Suite 1250, 900 Seventeenth Street, N.W., Washington, DC 20006, on the 19<sup>th</sup> day of March, 1999.